

enterprises, lack experience in India and are therefore unfamiliar with it. The perception of India within the Canadian business community suffers from stereotypes of communal violence, poverty, and out-dated bureaucratic and inefficient business practices which are no longer a reality in modern India.

There is a risk that competing nations will achieve greater success in this growing market because of a better appreciation of India's potential and understanding of how to do business there. "The Indian train is moving on, those who fail to get on board now will only have themselves to blame for getting left behind!"

## **2. Awareness of Canada in India**

There is also a lack of awareness of Canadian competitive strengths in India. Competing nations who have recognized the potential of the Indian market and have a stronger presence there have achieved greater success. While Canada was the eighth largest foreign investor in India in the first quarter of 1994 with investments listed at \$50 million, it was not on the May 1994 list issued by the Indian Ministry of External Affairs that targeted 18 countries for fresh foreign investment into infrastructure areas as well as emerging industries like food processing.

While Canada accounted for only 1.5 percent of Indian imports in 1994 (down from 1.8 percent in 1992), the preliminary figures for 1995 indicate an increase in Canadian exports to India. Canadian industry, although showing some improvement, still has far to go at this crucial point in India's economic development. There is a danger that our small share of the Indian market could be interpreted in India as a lack of interest in the market. While there are high profile Canadian successes in India, the full diversity of our national industrial capabilities is not recognized and therefore not sought.

## **IV. Complexity of the Indian Business Environment**

While it is considerably easier to do business in India today, the complexity of the Indian business environment still presents challenges for Canadian business. The following market characteristics have an impact on doing business in India.

### **1. Bureaucratic Bottlenecks**

While investment approvals have been greatly facilitated and the restrictive 'import licence Raj' has been nearly abolished, bureaucratic bottlenecks still exist in implementing projects or in clearing shipments through customs. Reforms have not trickled down to the lower echelons of the bureaucracy, especially at the state level. There are still conflicting interpretations of new regulations that can only be ironed out over time as the transparency of the reform process improves.